USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - Public distribution

Date: 3/10/2009

GAIN Report Number: MX9007

Mexico

Grain and Feed

Annual Report

2009

Approved by:
Allan Mustard
U.S. Embassy

Prepared by:
Benjamin Juarez, Erich Kuss and Mark Ford

Report Highlights: Mexico's total grain production is estimated to increase slightly even though corn production is forecast to decrease three percent to 24.3 MMT for MY 2009/10. However, corn imports are forecast to reach 7.7 MMT as a result. Meanwhile, sorghum production is expected to increase 2.3 percent while imports are expected to decrease to 1.4 MMT for MY 2009/10 due to a modest demand from the livestock sector. Even with the recent trade disputes over rice pests, imports for MY 2009/10 are forecast to reach 675,000 MMT due to the domestic production's inability to keep up with stronger consumer demand. As usual, durum wheat will continue to drive Mexico's wheat production but imports should remain at 3.3 MMT. On the other hand, dry bean imports are expected to drop to 80,000 MT due to a relatively large domestic crop and inventory. Dry bean production is forecast to rebound to 1.17 MMT.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico City [MX1]
[MX]

Table of Contents

SECTION I. SITUATION AND OUTLOOK 3
SECTION II. STATISTICAL TABLES 5
TABLE 1. MEXICO: PS&D CORN 5
TABLE 2. MEXICO: PS&D SORGHUM 5
TABLE 3. MEXICO: PS&D RICE 6
TABLE 4. MEXICO: PS&D WHEAT 6
TABLE 5. MEXICO: PS&D DRY BEANS 7
SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY & MARKETING 8
CORN 8
Production 8
Consumption 9
Stocks 10
Trade 10
Policy 10
SORGHUM 11
Production 11
Consumption 12
Stocks 12
Trade 13
Policy 13
RICE 13
Production 13
Consumption 15
Stocks 15
Trade 15
Policy 16
Marketing 16
WHEAT 16
Production 16
Consumption 17
Stocks 18
Trade 18
Marketing 19
DRY BEANS 19
Production 19
Consumption 22
Stocks 22
Trade 22
Relevant Reports Submitted by FAS/Mexico City: 23

SECTION I. SITUATION AND OUTLOOK

Corn: For MY 2009/10 (Oct-Sep) Mexican corn production is forecast at 24.250 MMT, roughly a three percent decline over MY 2008/09. This decline is attributed to a slight decrease in harvested area. Various industry sources have stated that many growers with swing acreage may look to sorghum as the less costly and less risky crop to plant due to its resistance to dry weather conditions. Consequently, imports are forecast to be in the 7.7 MMT range. Production estimates for MY 2007/08 and MY 2008/09 reflect the latest official Mexican government data. For the current year 2009, the import estimate has been reduced to 6.8 MMT due to higher than expected production. The MY 2007/08 import estimate has been raise to 9.499 MMT based on final government data. Total corn consumption is forecast to remain unchanged at 32.2 MMT. Despite the fact that human consumption is forecast to increase slightly based largely on population growth (1.17 percent), it will be countered by bearish feed demand. The animal feed industry sources pointed out that the market for poultry, pork and beef in Mexico in 2009 will weaken, largely because of reduced consumer purchasing power as Mexico's economy is expected to contract.

Sorghum: Mexican sorghum production for MY 2009/10 (Oct-Sept) is forecast to increase 2.3 percent to 6.45 MMT because of a switch in planting from corn to sorghum by farmers. Due to revised data of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), our estimates for sorghum production and harvested area for MYs 2007/08 and 2008/09 have been adjusted upward. SAGARPA and private industry surveys revealed that above average rainfall and nearly ideal harvesting conditions increased yields for the 2008 spring/summer crop cycle beyond what was expected. Imports for MY 2009/10 are forecast to decrease by 100,000 MT to 1.4 MMT due to higher domestic production of sorghum and a modest decline in demand from the livestock sector. The MY 2008/09 import estimate remains unchanged. The sorghum import estimate for MY 2007/08 has been revised slightly upward based on final official data issued by the Secretariat of Economy (SE).

Rice: Rice production for MY 2009/10 is forecast to increase to 210,000 MT (milled basis) due to higher planted area. Industry sources have indicated that Mexican farmers are expected to boost planting in the coming year in response strong domestic demand and new promises of government supports. Production and harvested area for MY 2008/09 have been revised downward from previous estimate due to the switch from rice to sorghum production mainly in the states of Campeche and Tabasco, and untimely implementation of government supports programs. Rice output and harvested area for MY 2007/08 have been reduced to reflect official data. Imports for MY 2009/10 are forecast at 675,000 MMT, 7.1 percent higher than the previous year's revised estimate. This increase is largely driven by insufficient domestic production relative to stronger consumer demand. Imports for MY 2008/09 have been revised upward due to lower-than-previously estimated domestic production.

Wheat: Mexico's wheat output for MY 2009/10 is forecast to remain unchanged from the previous year's revised estimate of 4.0 MT, as the decline of international wheat prices have prevented growers from increasing planted area this year. Total wheat production and harvested area estimates for MY 2008/09 have been revised slightly upward based on updated official data, which reflects the favorable weather conditions during much of fall/winter crop cycle, sufficient water supply and better inputs. The import estimate in MY 2008/09 has been revised upward to 3.3 MMT based on updated official and private data. This reflects stronger domestic demand than previously estimated. For MY 2009/10 imports are forecast to remain unchanged.

Dry Beans: During MY 2009/10 dry bean production is forecast to rebound slightly to 1.170 MMT due to expected normal weather conditions and improved yields. The production estimate for MY 2008/09 has been revised upwards, which reflects new official information and higher than-originally-estimated harvested area. Imports for MY 2009/10 are expected to decline to 80,000 MT, due to the relatively large crop and large inventories. Import estimates for MY 2008/09 have been revised downward based on official data.

SECTION II. STATISTICAL TABLES

TABLE 1. MEXICO: PS&D CORN

PSD Table									
Country	Mexico								
Commodity	Corn								(1000 HA)(1000 MT)(MT/HA)
	2007Revised			2008Estimate			2009Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		7/2007			7/2008			7/2009	
Area Harvested	7,350	7,350	7,330	7,450	7,450	7,450	0	0	7,350
Beginning Stocks	3,084	3,079	3,084	3,181	2,899	4,082	0	0	3,602
Production	22,650	22,900	23,600	25,000	23,700	25,000	0	0	24,250
MY Imports	9,556	8,800	9,499	7,500	9,300	6,800	0	0	7,700
TY Imports	9,556	8,800	9,499	7,500	9,300	6,800	0	0	7,700
TY Imp. From U.S.	9,532	8,800	9,499	0	9,300	6,800	0	0	7,700
Total Supply	35,290	34,779	36,183	35,681	35,899	35,882	0	0	35,552
MY Exports	109	80	101	100	80	80	0	0	50
TY Exports	109	80	101	100	80	80	0	0	50
Feed Consumption	16,200	16,000	16,200	16,000	16,300	16,200	0	0	16,000
FSI Consumption	15,800	15,800	15,800	16,000	16,200	16,000	0	0	16,200
Total Consumption	32,000	31,800	32,000	32,000	32,500	32,200	0	0	32,200
Ending Stocks	3,181	2,899	4,082	3,581	3,319	3,602	0	0	3,302
Total Distribution	35,290	34,779	36,183	35,681	35,899	35,882	0	0	35,552
Yield	3.	3.	3.2196	3.	3.	3.3557	0	0	3.2993

TABLE 2. MEXICO: PS&D SORGHUM

PSD Table									
Country	Mexico								
Commodity	Sorghum								(1000 HA)(1000 MT)(MT/HA)
	2007Revised			2008Estimate			2009Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		7/2007			7/2008			7/2009	
Area Harvested	1,855	1,730	1,775	1,750	1,750	1,780	0	0	1,870
Beginning Stocks	217	245	217	373	245	511	0	0	411
Production	6,100	6,000	6,203	6,200	6,200	6,300	0	0	6,450
MY Imports	1,156	1,100	1,191	2,300	1,500	1,500	0	0	1,400
TY Imports	1,156	1,100	1,191	2,300	1,500	1,500	0	0	1,400
TY Imp. From U.S.	1,156	1,100	1,191	0	1,500	1,500	0	0	1,400
Total Supply	7,473	7,345	7,611	8,873	7,945	8,311	0	0	8,261
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	7,000	7,000	7,000	8,300	7,500	7,800	0	0	7,700
FSI Consumption	100	100	100	100	100	100	0	0	100
Total Consumption	7,100	7,100	7,100	8,400	7,600	7,900	0	0	7,800
Ending Stocks	373	245	511	473	345	411	0	0	461
Total Distribution	7,473	7,345	7,611	8,873	7,945	8,311	0	0	8,361
Yield	3.	3.	3.4946	4.	4.	3.5393	0	0	3.4492

TABLE 3. MEXICO: PS&D RICE

PSD Table									
Country	Mexico								
Commodity	Rice, Milled								(1000 HA)(1000MT)(MT/HA)
	2007 Revised			2008 Estimate			2009 Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2007			10/2008			10/2009	
Area Harvested	70	70	66	75	75	63	0	0	77
Beginning Stocks	146	146	146	170	170	138	0	0	128
Milled Production	195	195	178	209	209	185	0	0	210
Rough Production	292	292	267	313	313	277	0	0	315
Milling Rate (.9999)	6,667	6,667	6,667	6,667	6,667	6,667	0	0	6,667
MY Imports	600	600	583	600	600	630	0	0	675
TY Imports	650	600	583	650	600	630	0	0	675
TY Imp. From U.S.	0	558	567	0	558	579	0	0	663
Total Supply	941	941	907	979	979	953	0	0	1,013
MY Exports	12	12	10	10	10	10	0	0	10
TY Exports	12	12	10	10	10	10	0	0	10
Total Consumption	759	759	759	825	825	815	0	0	860
Ending Stocks	170	170	138	144	144	128	0	0	143
Total Distribution	941	941	907	979	979	953	0	0	1,013

TABLE 4. MEXICO: PS&D WHEAT

PSD Table									
Country	Mexico								
Commodity	Wheat								(1000 HA)(1000 MT)(MT/HA)
	2007Revised			2008Estimate			2009Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		7/2007			7/2008			7/2009	
Area Harvested	722	722	722	770	769	800	0	0	800
Beginning Stocks	414	340	414	214	500	574	0	0	424
Production	3,600	3,593	3,593	3,900	3,887	4,000	0	0	4,000
MY Imports	3,136	3,088	3,088	3,600	3,000	3,300	0	0	3,300
TY Imports	3,136	3,088	3,088	3,600	3,000	3,300	0	0	3,300
TY Imp. From U.S.	2,552	2,500	2,500	0	2,500	2,800	0	0	2,800
Total Supply	7,150	7,021	7,095	7,714	7,387	7874	0	0	7,724
MY Exports	1,261	1,127	1,127	1,050	1,150	1,250	0	0	800
TY Exports	1,261	1,127	1,127	1,050	1,150	1,250	0	0	800
Feed Consumption	100	100	100	100	100	200	0	0	250
FSI Consumption	5,575	5,294	5,294	6,150	5,623	6,000	0	0	6,100
Total Consumption	5,675	5,394	5,394	6,250	5,723	6,200	0	0	6,350
Ending Stocks	214	500	574	414	514	424	0	0	574
Total Distribution	7,150	7,021	7,095	7,714	7,387	7,874	0	0	7,724
Yield	5.	5.	4,9765	5.	5.	5.	0	0	5.

TABLE 5. MEXICO: PS&D DRY BEANS

PSD Table									
Country	Mexico								
Commodity	Beans								(1000 HA)(1000 MT)(MT/HA)
	2007 Revised			2008 Estimate			2009 Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		1/2007			1/2008			1/2009	
Area Harvested	0	1,500	1,500	0	1,340	1,520	0	0	1,550
Beginning Stocks	0	213	213	0	65	100	0	0	110
Production	0	1,020	1,015	0	1,125	1,160	0	0	1,170
MY Imports	0	89	89	0	175	93	0	0	80
TY Imports	0	89	89	0	175	93	0	0	80
TY Imp. From U.S.	0	85	85	0	165	88	0	0	79
Total Supply	0	1,322	1,317	0	1,365	1,353	0	0	1,360
MY Exports	0	17	17	0	23	23	0	0	10
TY Exports	0	17	17	0	23	23	0	0	10
Feed Consumption	0	0	0	0	0	0	0	0	0
FSI Consumption	0	1,240	1,200	0	1,280	1,220	0	0	1,250
Total Consumption	0	1,240	1,200	0	1,280	1,220	0	0	1,250
Ending Stocks	0	65	100	0	62	110	0	0	100
Total Distribution	0	1,322	1,317	0	1,365	1,353	0	0	1,360
Yield	0	0.68	0.6767	0	0.84	0.7632	0	0	0.7548

SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY & MARKETING

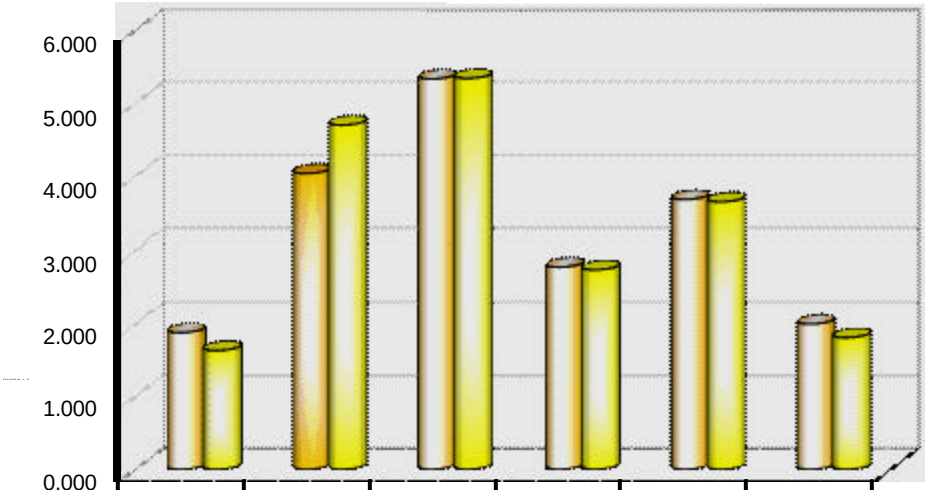
CORN

Production

For marketing year 2009/10 (Oct-Sep), the initial forecast of total Mexican corn production is 24.3 MMT. The main reason for this slight decline is a forecast smaller harvested area. According to industry sources, with spring/summer plantings for MY 2009/10 crops looming, it would appear that some corn area could be shifted to sorghum. Many growers with swing acreage may look to sorghum as the less costly and less risky crop to plant due to its resistance to dry weather conditions. It is a relevant factor considering that over 65 percent of Mexico's corn production area is non-irrigated.

Estimated production for MY 2008/09 has been revised upward to 25.0 MMT due to updated official government information. This increase is attributed to surprisingly favorable growing conditions this past year. In particular production for the 2008 spring/summer crop is expected to reach 18.4 MMT, which is approximately eight percent higher compared to the same crop a year ago. The main producing states contributing to this increase were the State of Mexico with 16.7 percent higher production, Jalisco and Michoacán with increases of 5.3 percent and Puebla with 3.7 percent higher production. Favorable weather conditions, including timely and above-average rains, and adequate pest control programs during planting season were the main factors that influenced this increase in production. Other contributing factors were improved seed varieties, higher sowing density, and timely support to producers provided through PROCAMPO. As a result, average total yields for the 2008/08 spring/summer increased approximately 2.6 percent. The following graph shows the comparative yields in the main corn producing states for the 2007 and 2008 Spring/Summer crop cycles.

Figure 1. Mexico Corn: Comparative Yields per Hectare
2007 & 2008 Spring/Summer Crop Cycles



	Chiapas	Guanajuato	Jalisco	México	Michoacán	Puebla
2007/07	1.877	4.035	5.334	2.777	3.678	1.995
2008/08	1.630	4.700	5.342	2.739	3.646	1.808

Source: SIAP with SAGARPA/ SIAP Data ; December 2007-2008

Corn production for the 2008/09 fall/winter cycle is estimated at 6.7 MMT, which is similar to the previous year. Crop conditions for corn planted in September and October have been near ideal, due to abundant water reservoir levels in Sinaloa dams. According to SAGARPA information at the beginning of this cycle, dams were at their maximum capacity and there were 460,000 hectares of corn planted. In addition, the cost of fertilizers dropped 60 percent in comparison with the price registered a few months ago. Sinaloa continues to be the main source of commercial white corn in Mexico for the fall corn crop, representing approximately 75 percent of total fall/winter corn production. Moreover, Sinaloa's corn production, which is almost all irrigated, accounted for more than 25 percent of total domestic production. Practically all of the corn produced in Sinaloa is consumed in other states. Harvest is expected to occur in May and June. At this point in the season, the estimated average yield for the 2008/09 fall/winter crop cycle is forecast to be 5.8, which is higher than last year's 5.7 MT/ha yield.

Due to very favorable weather conditions, the 2008 Spring/Summer crop has been reported to be of relatively high quality. We have increased our estimates for corn production and reduced slightly the harvest area for MY 2007/08 to reflect the last official information issued by SAGARPA.

The average yield for the MY 2009/10 corn crop in Mexico is expected at 3.3 MT/ha, a very slight decrease over the MY 2008/09 average yield, when weather conditions were extremely favorable. Yields continue to vary significantly throughout the country, depending in large part on the level of technology used.

It should be noted that one of the main characteristics of corn production in Mexico is the high degree of land fragmentation. According to SAGARPA, there are nearly two million corn producers in Mexico, and more than 85 percent of those growers have landholdings smaller than five hectares. In Veracruz and Oaxaca, for example, more than 75 percent of growers are smaller than two hectares. Even in Sinaloa and Jalisco, the states with the least fragmentation, only 57 percent are larger than five hectares.

Transportation, storage, and marketing are another source of unnecessary high costs and bottlenecks in the Mexican corn sector. Long distances from fields to consumption centers, reliance on expensive trucking, inadequate road infrastructure, and the lack of direct railroad links at key transport hubs such as ports and markets make it difficult to create an integrated market where stocks can be moved economically between different production and consumption centers. Furthermore, Mexico has a substandard storage network that lacks effective instruments for financing inventories in warehouses. Similarly, the relatively high cost of fuel (i.e., diesel) is another factor that affects the corn sector. The competitiveness of Mexican growers is also hampered relative to U.S. imports because almost all imports come via rail and/or ship, whereas most internal movement of Mexican production is by higher-cost trucking.

Consumption

For MY 2009/10 total corn consumption is forecast to remain unchanged at 32.2 MMT compared to the previous year's revised estimate. It should be noted, however, that human consumption is expected to increase slightly driven primarily by population growth (1.174 percent). Feed consumption is expected to decline as a result of the economic recession. The animal feed industry sources, for example, pointed out that the market for poultry, pork and beef in Mexico in 2009 will weaken, largely because of reduced consumer purchasing power, as Mexico will experience negative economic growth this year. As a result they foresee very bearish demand for (mainly imported) yellow corn.

White corn varieties, which are mainly used for human consumption, continue to dominate domestic production. Corn is the most important staple crop in Mexico, with consumption of corn and tortillas accounting for about 47 percent of average caloric intake. Although per-capita tortilla consumption fell 25 percent between 1997 and 2007 (from 120.0 kilograms to 90.0 kilograms), it is still the most important component of the Mexican diet. For 2009, tortilla consumption should increase in accordance with population growth, and may even increase at slightly greater rate as consumers would switch from meats and eggs to relatively less expensive foods such as tortillas. As already mentioned, the purchasing power of consumers is expected to weaken, thus pushing the consumption of meat, milk and eggs down. The total consumption estimate MY 2008/09 has been revised downward, while the MY 2007/08 consumption estimate has been revised upwards based on official data.

Stocks

Mexico's ending stock position is forecast to decrease 8.3 percent to 3.3 MMT in MY 2009/10 from the revised estimation of MY 2008/09 due to increased imports and unchanged consumption. The MY 2008/09 stock estimate has been increased reflecting more recent available information. The MY 2007/08 estimated ending stock position has been revised upward due to higher than previously estimated domestic production and imports which also affected the ending stocks estimate of MY 2008/09.

Trade

For MY 2009/10 imports are forecast to increase to 7.7 MMT driven by population growth and expected lower domestic production. The import estimate for MY 2008/09 has been adjusted downward due to higher domestic production and lower total consumption than previously estimated. The import figure for MY 2007/08 has been revised upward, reflecting final official data of the Economy Secretariat (SE). Similarly, export figures for MY 2007/08 have been increased based on final SE's official data. Given the importance that weather plays in Mexican agricultural production, wide fluctuations (from 1-2 MMT) can be expected in import volumes. Moreover, Mexico will, over the long term, remain a substantial importer of corn from the United States.

Policy

Under PROCAMPO, (the Mexican domestic agricultural support program) a flat-rate payment for corn, sorghum, wheat, rice, and dry beans was provided to farmers for the 2008 spring/summer crop cycle. This payment plan will be repeated for the 2008/09-fall/winter crop. The GOM policy is that farmers with production areas of between one and five hectares will receive 1,160 pesos per hectare (approximately U.S. $75.27/ha) and 963 pesos/ha (roughly U.S. $62.49) to farmers with more than five hectares. The GOM has yet to announce the payment amount for the 2009 spring/summer crop cycle. Reportedly, a new PROCAMPO support program could be announced by SAGARPA within the next few months. The GOM continues to encourage forward contract purchases between farmers and corn buyers through the Forward Contract and Advance White Corn Purchases programs. On October 31, 2008, SAGARPA announced in the Mexican Federal Register the specific guidelines for support programs available for Sinaloa white corn during the 2007-08 fall/winter season. It is estimated that through this program SAGARPA provided $1.28 billion pesos (approximately U.S. $87.3 million dollars) of support covering 3.85 millions tons of white corn production. (See MX8075)

However, these programs have begun to face new challenges. Private industry sources have acknowledged that new corn crop contracts under these programs for the 2009 spring/summer crop cycle and sorghum of 2008/09 fall/winter crop cycles are almost

impossible to find. The main concern is the inability to hedge adequately. Thus, end users are not willing to enter into the contract. This apparent lack of interest by buyers or end users is due to the weakening of the Mexican peso relative to the U.S. dollar. Since August 2008 the peso has fallen from 10 pesos to more than 15 pesos per U.S. dollar despite the Central Bank of Mexico's interventions. The other problem is that over the past year many end users set up many high priced sale contracts that generated losses for them when grain prices collapsed, economies weakened, the peso began to devaluate and credit became tight. Also, many end users such as the animal feed industry are afraid that Mexico peso will continue weaken in 2009 as well as the market for their products (i.e., poultry, pork and beef markets). As a result many grain buyers are only attempt purchasing directly based on their short term requirements, more than participate in the GOM programs.

On January 2, 2009, SAGARPA announced in the Mexican Federal Register the new target prices used to determine support payments under the Target Income Program for producers of corn, wheat, sorghum, safflower, soybeans, sunflower, oatmeal, canola, cotton, and rice for the 2008/09 fall/winter to 2013 spring/summer planting seasons. (See MX9001). The Target Income Program provides payments to cover the difference between the market price of the eligible commodities and the "target income". The maximum amount that SAGARPA would pay is defined as the difference between the market price and the "target income" of the eligible products. However, it should be noted that many producer groups have complained that the new target prices are clearly insufficient to offset the increase of inputs costs that have been registered since the last year.

SORGHUM

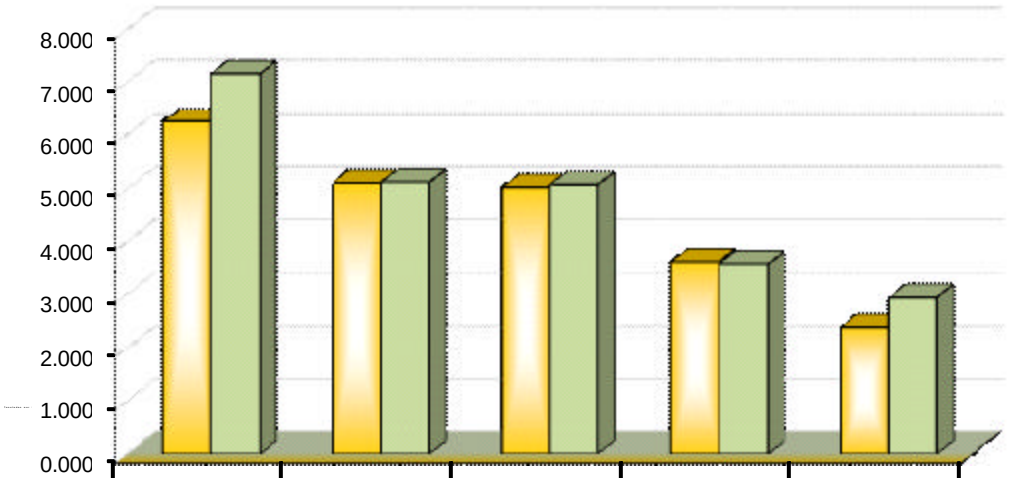
Production

Mexican sorghum production for MY 2009/10 (Oct-Sept) is forecast to increase slightly to approximately 6.4 MMT because of a switch from corn to sorghum by farmers. The decision to plant more sorghum is being driven mainly by the desire to reduce risks. According to private sources, sorghum requires fewer inputs, resists more the dry weather conditions, has a relatively shorter crop cycle compared to corn and is cheaper to grow. In addition, it appears the potential net returns from corn and sorghum could be about the same, thus the lower costs and risks favor a shift to sorghum.

Due to revised SAGARPA data, our estimate for sorghum production for MY 2008/09 was adjusted upward reflecting higher harvested area than previously estimated. SAGARPA and private industry surveys revealed that normal to above average rainfall and nearly ideal harvesting conditions increased yields of the 2008 spring/summer crop cycle beyond what was expected. Harvesting for this crop cycle, which is mainly rain-fed, and account for 61 percent of annual sorghum production, is practically concluded. Total production for the 2008 spring/summer is expected to be higher than the previous record level obtained the same crop cycle in 2007. In addition to the favorable weather conditions already mentioned, this increase in production was also a consequence of widespread use of better seed varieties and higher sowing density that improved average yields.

For MY 2009/10 yields are forecast to be 3.4 MT/ha. The overall yield for the MY 2008/09 sorghum crop is expected to reach approximately 3.5 metric tons per hectare.
Below is a graph illustrating the difference in the 2007 vs. 2008 spring/summer crop yields in the main producing states, with data as of December 31, 2008.

Figure 2. Mexico Sorghum: Comparative of Yields per Hectare for the 2007 & 2008 Spring/Summer Cycles



	Guanajuato	Jalisco	Michoacán	Sinaloa	Tamaulipas
2007	6.256	5.114	5.036	3.630	2.395
2008	7.157	5.131	5.084	3.590	2.946

Source: SNIIM with data of SIAP -SAGARPA; December 2007-2008

Production estimates and harvested area for MY 2007/08 reflect the latest official Mexican government data issued by SAGARPA.

In Mexico, two crops of sorghum are grown annually: a spring/summer cycle and a fall/winter cycle. The three states accounting for approximately 64 percent of the spring/summer sorghum production are Guanajuato, Michoacán, and Sinaloa. Production under the fall/winter cycle occurs primarily in the states of Tamaulipas and Nayarit and is harvested May through July. Approximately 26 percent of the Fall/Winter crop is irrigated.

Consumption

Due to the sluggish demand for feed grains, sorghum consumption is forecast to decline moderately to 7.7 MMT in MY 2009/10. Sorghum consumption growth by the poultry industry will be dampened due to the economic recession. The National Poultry Association (UNA), for example, is expecting a contraction in poultry meat production and minimum growth in egg output (around 0.5 percent) in 2009, due to the decline on GDP and deteriorated consumer purchasing power. The poultry industry continues to be the major consumer of sorghum in Mexico, consuming it primarily in the form of mixtures and feed concentrates. The sorghum consumption estimate for MY 2008/09 has been revised upward, based on the most recent information from private sources.

Stocks

Ending stocks are forecast to increase by nearly 12 percent because of the weak domestic feed demand anticipated in MY 2009/10. The estimate for MY 2007/08 and MY 2008/09 ending stocks have been raised based on higher imports and production in MY 2007/08, and higher production than previously expected in MY 2008/09.

Trade

For MY 2009/10, imports are forecast to decrease by 100,000 MT to 1.4 MMT due to the expected increase in domestic production and the slight decline in use. The MY 2007/08 import estimate has been increased to 1.2 MMT based on lasted official trade data.

Policy

Under PROCAMPO, (the Mexican domestic agricultural support program) a flat-rate payment on sorghum was provided to farmers for the 2008 spring/summer crop cycle. This payment plan will be repeated for the 2008/09-fall/winter crop. The GOM policy is that farmers with production areas of between one and five hectares will receive 1,160 pesos per hectare (approximately U.S. $75.32/ha) and 963 pesos/ha to farmers with more land (roughly U.S. $62.49).

RICE

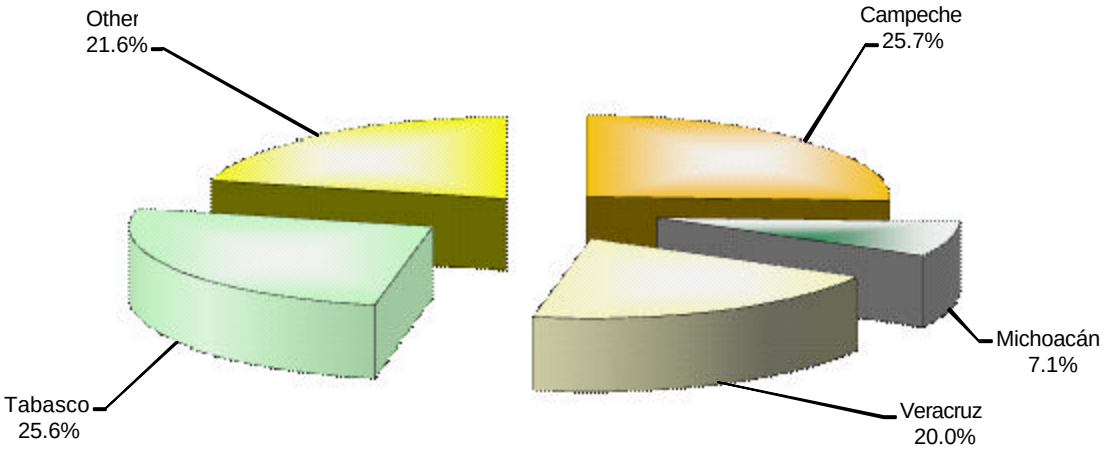
Production

Rice production for MY 2009/10 is forecast to increase to 210,000 MT (milled basis) due to higher planted area. Industry sources have indicated that Mexican farmers are expected to boost planting in coming years in response to a strong domestic demand as well as the new guarantee of government support.

Due to the switch from rice to sorghum production, mainly in the states of Campeche and Tabasco, and untimely implementation of government support programs, production and harvested area for MY 2008/09 have been revised downward from previous estimates. Another factor that adversely lowered yields was the presence of the plague *Steneotarsonemus spinki*, which is commonly known as the rice mite. The rice mite mainly affected rice areas in Campeche and Tabasco. Rice output and harvested area for MY 2007/08 have been reduced to reflect official data issued by SAGARPA.

Despite the reduction of planted area in Campeche and Tabasco, both states continue to represent more than 50 percent of the total planted area for the spring/summer crop cycle. On the next page is a graph illustrating the main producing states by planted area for the 2008 spring/summer crop, with data as of December 31, 2008.

Figure 3. Mexico Paddy Rice: Distribution of Planted Areas 2008 Spring/Summer Crop



Source: Sagarpa/Siap data as of Dec 31, 2008

Secretary of Agriculture Alberto Cardenas Jimenez recently announced government-sponsored programs this year, which will offer much needed financing to small and medium-sized growers. However, industry sources state that if the interest rates are not reduced, it is unlikely that the programs will have a significant affect on production in the short-term. These sources also pointed out that rice plantings will only expand when there are technological changes or an increase in prices. Grower organizations and private rice millers could increase growth when irrigated areas increase. In Campeche, for example, private rice millers expect to implement a project of planting 5,000 hectares with irrigation in 2009. Currently, Campeche has only 3,700 hectares of irrigated area. Therefore, they expect that rice production will increase gradually in the next few years.

Given that most rice production in the major growing regions is irrigated, average yields are expected to remain at about 4.1 MT/per hectare, with yields in Veracruz higher. According to industry sources, despite the fact that rice production has been generally viewed as unprofitable, it is now more profitable to produce rice due to current high international prices. Sources point out that the application of better technology, such as the use of hybrid seeds, and the expected favorable financing from the GOM could promote the competitiveness of rice producers.

Table 6. Mexico: Rice Production Cost for Two States & Crop Cycles (Pesos per Hectare)			
State	2005 Spring/Summer	2006 Spring/Summer	2007 Spring/Summer
Veracruz	18,553.25	32,280.93	46,034.25
Morelos	29,510.00	N/A	N/A

Data for other rice producing states not yet available.
Exchange Rate as of March 5, 2009: U.S. $1.00 = 15.41 Pesos
Source: SIAP/SAGARPA

Consumption

MY 2009/10 rice consumption is forecast at 860,000 MT, an increase of 5.52 percent from the previous year's revised estimate. The two main factors that should drive consumption of rice in MY 2009/10 are population growth and the income effect; people will shift from buying more expensive foods to rice. Even at higher prices, rice is a very low-cost food and keeps for a long time. Therefore, it will likely get a boost from an economic downturn. Moreover, rice continues to be a staple food for the majority of lower income families in Mexico. Nonetheless, MY 2008/09 consumption estimates have been revised downward from our previous estimates, reflecting more accurate and current data from the industry sources.

Stocks

Ending stocks are forecast to increase in MY 2009/10 to 143,000 MT. Rice mills generally keep between one to two months supply of imported rice in stock. However, due to insufficient domestic production, mills will increasingly look to import; especially between the traditionally short supply months of April to July, which are between Mexico's two rice crop cycles. Ending stocks for MY 2008/09 have been revised downward to 128,000 MT due to lower-than-previously estimated domestic production. Ending stocks for MY 2007/08 reflect official data.

Trade

Imports in MY 2009/10 are forecast to increase roughly seven percent because of insufficient domestic production relative to a stronger consumer demand. Imports for MY 2008/09 have been revised upward due to lower-than-previously estimated domestic production. Imports for MY 2007/08 reflect official data from the SE.

Despite the fact that the GOM allowed all countries to import rice at preferential tariff rates in May 2008, in order to avoid high domestic prices, prices have continued to rise. For example, in the Mexico City Wholesale Market (Central de Abastos), the price of rice has reached 21 pesos per kilogram in January 2009 (roughly U.S. $1.36 per kilogram), which is 64 percent higher than the 12.80 pesos that was recorded during the same time period last year. According to the National Market Information System (SNIM) of the Secretariat of Economy, the average price of rice milled reached a historical record of 21.26 pesos per kilogram (roughly U.S. $ 1.38, per kilogram) in December 2008. SNIM stated that rice prices registered a steady upward trend, to an extent that in less than five months it increased by more than 33 percent. According to trade sources, from November 2007 to May 2008, international prices spiked to the highest record ever. Among other factors, there were export restrictions by India and Vietnam as well as the fact that U.S. yields dropped by an

average of over 200 pounds per acre in 2008, due to late planting in the Delta Region where the bulk of the U.S. crop is grown.

Policy

Due to the presence of *Tilletia horrida* (*T. horrida)* on rice in U.S. railcars, approximately 85-100 railcars were stopped at the Nuevo Laredo crossing point since December 15, 2008. Mexican regulations classify *T. horrida* as a prohibited pest. The railcars were not allowed to enter Mexico until the Mexican plant health agency (SENASICA) worked out details of fumigating with methyl bromide with border inspectors and the USG. Out of the 85 or so railcars, 16 railcars were not allowed to enter due to a higher presence of this pest. The other railcars were allowed to enter after January 17, 2009. On January 21, 2009, SENASICA communicated to its border inspectors regarding the use of methyl bromide on U.S. rice shipments to Mexico (see MX9003). Despite the fact that *T. horrida* is common throughout the Americas and poses no human health risk, the USG agreed to use methyl bromide as a fumigant, but this should not be viewed as a long-term solution. Meanwhile, plant health governmental agencies from both countries (APHIS and SENASICA) agreed to review technical information to determine the prevalence of *T. horrida* in Mexico. To date, *T. horrida* has been found in Sinaloa. If necessary, both sides will develop survey methods that could help determine the prevalence in Mexico. If confirmed, it would warrant a change in Mexican regulations.

Marketing

Marketing activities should continue to center on branded promotions and other avenues for creating niche markets for U.S. specialty and quality rice. In addition, given the overall low level of rice consumption in Mexico, it may also be strategically beneficial to provide nutritional information on rice to encourage healthier diets and increase rice consumption in lower income areas of the country. Forecasters predict a steady and continued growth for the mid-term. On one side, Mexico's 106 million population is young and growing. Thirty percent of the population is age 15 or younger, and 75 percent of that population lives in urban areas reached by major media markets. Mexico still consumes rice at half the rate of the United States — 29 pounds per capita compared to Mexico's 14 pounds — and far below that of other Latin American countries. Seventy-five percent of that rice is imported, with more than 95 percent coming from the United States. Agricultural experts state that domestic production is unlikely to grow enough to match the increasing demand. All of this means that Mexico will continue to be a wide-open market for U.S. rice growers, limited only by demand. The key to success is to continue to increase per-capita consumption.

WHEAT

Production

Total Mexican wheat production is forecast to remain unchanged in MY 2009/10 (July-June) at 4.0 MMT, compared to the previous year's revised estimate. Industry sources state that the decline in international wheat prices has discouraged growers from increasing their planted area for this year. Moreover, input costs are expected to remain high or increase slightly for this production season. Thus, wheat production is expected to be a less attractive for producers in 2009 than it was last year. The area planted is also expected to remain unchanged from the revised level in MY 2008/09. Total wheat production and harvested area estimates for MY 2008/09 have been revised slightly upward based on updated official data, which reflects the favorable weather conditions during much of the fall/winter crop cycle, sufficient water supply, and better inputs. Production and area harvested estimates for MY 2007/08 remain unchanged and reflects official data issued by SAGARPA.

In Mexico, two crop cycles are grown annually, a spring/summer cycle and a fall/winter cycle. Approximately, 90 percent of wheat production is grown in the fall/winter cycle and harvest takes place in May and June. The higher importance of the fall-winter cycle is due to the weather conditions prevailing at that time of year in the north and northwestern states, as higher humidity and warm temperatures are basic conditions for proper development of the crop.

Sonora continues to be the main producing state with approximately 41 percent of total production, followed by Guanajuato, which contributes 15 percent, and Baja California with 14 percent. However, durum wheat continues to be the principal crop in Sonora and Baja California. According to trade sources, Guanajuato continues to gradually increase its planted area of bread and soft varieties. The majority of the wheat grown in the north and northwestern states of Baja California and Sonora is produced using advanced technology similar to what is used in the United States. These areas continue to use improved seeds and fertilizers as well.

Mexico produces two wheat varieties: durum (or crystalline) and bread wheat. Mexico is characterized as a country that imports more wheat than it exports. Typically, Mexico produces less of bread varieties (i.e., hard red winter and hard red spring) but more durum wheat. Mexican producers find that durum wheat is simply easier to grow and yields more than other varieties.

Mexican wheat imports are typically used to produce bread while Mexican exports are sent to the areas that produce more semolina-based products. In MY 2007/08, for example, Mexico exported nearly 210,000 MT of durum wheat to Italy for pasta production as well as 668,000 MT to North Africa (Tunisia and Algeria).

Since most of the wheat production in the major growing regions is irrigated, average yields are expected to remain at five MT per hectare with yields in Sonora slightly higher at approximately 6.1 MT/Ha. According to SAGARPA, nearly 75 percent of the wheat planted area is irrigated.

Consumption

Mexico's consumption is expected to increase slightly in MY 2009/10 due to population growth. The expected dampened consumer purchasing power in MY 2009 and Mexico's general preference for corn tortillas instead of bread are the two main factors that restrict an increase in domestic consumption. Some industry sources are mostly concerned with consumption of wheat products in the country since wheat in Mexico has to contend with the cultural tradition of corn tortillas. Moreover, with expected lower consumer purchasing power and a relatively higher cost of wheat and flour, small and medium millers have to be careful not to out price their products. According to the Mexican Millers Association (Canimolt), as a result of the reduced domestic demand for durum wheat and limited export markets, more durum wheat could be offered for feed use in MY 2009. In addition, trade sources have stated that feed manufacturers prefer domestic durum in feed rations rather than sorghum or corn because of the higher nutritional value. Therefore, feed consumption is forecast to increase to 250,000 MT in MY 2009/10. For MY 2008/09, the consumption estimate (including feed consumption) has been revised upward to reflect updated private and governmental data.

Stocks

For MY 2009/10, ending stocks are forecast to reach 574,000 MT. Because of irregular growth and quality in the production of bread quality wheat, the Mexican industry needs to build and maintain adequate year-to-year stocks. According to Canimolt, millers keep around a six week supply of imported wheat at any given time. Ending stocks in MY 2008/09 have been revised downward to 424,000 MT due to stronger-than-previously estimated domestic consumption. MY 2007/08 ending stocks reflect official data.

Trade

Total wheat imports in MY 2009/10 are forecast to remain unchanged at 3.3 MMT. Price competitiveness will in large part decide the import source. In MY's 2007 and 2008, Mexico imported wheat only from the United States and Canada, and this is expected to be the same case in MY 2009/10. The import estimates in MY 2008/09 have been revised upward to 3.3 MMT based on updated official and privates sources data, which reflects a stronger domestic demand than previously estimated. Mexican millers prefer to purchase U.S. wheat due to the ease of shipments. Mexico is the sixth largest buyer of spring wheat from the United States.

In MY 2009/10, durum wheat exports are forecast to fall to 800,000 MT, due to limited export markets and unattractive international prices. With a significant improvement in the global wheat supply situation, wheat prices have been on the decline since June 2008 and will likely continue to fall in MY 2009/10. In MY 2008/09, the export estimates have been revised upward reflecting current statistical data.

Due to the unattractive export market, on February 16, 2009, SAGARPA announced support payments for the exportation of wheat. These supports will be provided through SAGARPA's Support and Services for Agriculture and Livestock Marketing Agency (ASERCA - a decentralized administrative body within SAGARPA providing commercial support to farmers). According to the announcement, ASERCA will provide a support of 50 percent of the hedging costs ("Put" or "Call" options) of wheat grown in the Mexican states of Sonora and Baja California. The main objective of this support is to protect wheat growers, buyers and traders from adverse international price changes while diminishing risk through option purchases. Consequently, support is limited to 600,000 MT. Also, the announcement states that in the first two weeks of March, ASERCA would determine the support to be granted per MT. On March 2, 2009, ASERCA announced the following supports of wheat.

Table 7. Mexico: GOM Support for Wheat Exports

State	Support (Pesos/MT)
Baja California	300
Sonora	250

Exchange Rate as of March 5, 2009:
U.S. $1.00 = 15.41 Pesos
Source: ASERCA

Marketing

U.S. wheat prices must stay competitive in order for U.S. producers to maintain their current market share. Furthermore, wheat consumption in Mexico should be stimulated by market development activities that focus on the consumer use of wheat products (bread, cookies, etc.) Also, close contact should be maintained with industry and government personnel in charge of regulatory functions so that grades, standards, and phytosanitary regulations do not impede wheat trade between the United States and Mexico. Regarding the wheat miller industry, it continues to be one of the most important consumers of U.S. wheat. Based on Canimolt's information, Mexico has 93 various millers that process approximately 4.637 MMT of wheat and produce 4.1 MMT of wheat flour each year. The millers have a capacity of 8.1 MMT of production. Canimolt has expressed its interest to continue working with U.S. exporters and authorities in order to solve their concerns on grain quality issues.

DRY BEANS

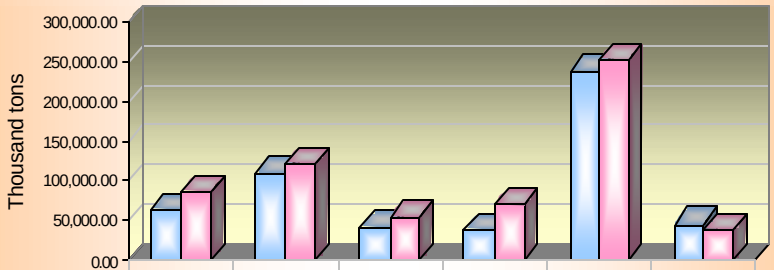
Production

Production for MY 2009/10 is forecast to increase approximately two percent to 1.17 MMT assuming normal precipitation. The current high producer prices is the main incentive for this increase, which should be reflected in higher planted area. The area harvested for MY 2009/10 is forecast to reach 1.6 million hectares, which reflects a normal bean crop and assumes normal weather conditions. Weather continues to be the predominant crop factor given that over 75 percent of Mexico's bean area is rain fed. As in the past, the 2009 fall/winter harvest (planted in the spring/summer) is expected to account for approximately 70 percent of total dry edible bean production with the remainder coming from the spring/summer harvest.

The production and harvested area for MY 2008/09 have been revised upward based on SAGARPA's most recent information, which includes an update for the 2008 spring/summer crop cycle and a preliminary estimate for 2008/09-fall/winter-crop cycle. Similarly, the production estimate for MY 2007/08 has been revised downward slightly reflecting SAGARPA's final numbers. FAS/Mexico continues to use official Mexican government statistics for historical purposes.

The overall yield for the MY 2009/10 dry bean crop in Mexico is expected to reach approximately 0.75 MT per hectare, which is slightly lower than the average yield registered in MY 2008/09. Industry sources estimate that the 2008 spring/summer crop cycle could produce approximately 815,000 MT of edible dry beans. In the 2007 spring/summer crop, Mexico harvested 704,000 MT. This increase was possible because of ample rainfall, which affected yields favorably. Growers traditionally plant the spring/summer harvest from March to August, and harvest it from September to February. Below is a graph illustrating the differences in the 2007 vs. 2008 spring/summer dry beans production in the main producing states, with data as of January 31, 2009.

Figure 4. Mexico: 2007 - 2008 Spring/Summer Cycle
Dry Bean Production Comparison



	Chihuahua	Durango	Guanajuato	San Luis Potosi	Zacatecas	Chiapas
2007/07	62,177	109,668	41,412	38,557	237,187	46,065
2008/08	85,358	121,363	55,041	70,119	251,835	38,125

Source: Information Market National System with SIAP-SAGARPA data; January 31, 2009.

In Zacatecas, the main producing state, official reports indicate that bean growers planted a total of 504,700 ha, from which 482,400 were dry land and 22,300 ha were irrigated. Weather conditions were on and off this season in Zacatecas. Dams were at the limit with some of the dams 10 feet over the limit. However, due to the excess rains at the beginning of the season and part of the growing period, certain diseases formed in the dry land crop. For example, in August, rains did not stop and the crop received 95 percent of the month's historical rainfall in one day. Similarly, while harvesting in the irrigated areas growers experienced some moisture damage. However, in September, weather conditions improved and harvesting began. According to official sources, the preliminary figures show a final production of 252,000 MT of dry beans against 237,200 a year ago for Zacatecas. From that total, only 37 percent were black beans, which is different from the traditional 70 percent that the state used to produce. SAGARPA sources stated that the crop had a number of problems with anthracnose because of excess humidity in the black bean crop. As result, this year, most of the beans planted in Zacatecas were colored varieties such as Pinto Saltillo, Flor de Mayo, Flor de Junio, Bayos and Canarios.

Bean producers enjoyed the benefit of high prices for their beans in comparison to past years, with prices paid to producers ranging from 7.50 to 8.00 pesos per kilo. This is higher than the price set by the GOM for the government appointed warehouses or official elevators, which is 6.00 pesos per kilo for this year. (See MX8017, MX7024 & MX6019.) Despite these great prices, some producers are keeping their bean crop in order to wait for even better prices in the near future. However, some of these producers are in the process of releasing their crop due to other expenses (i.e., energy costs, transportation). Many of these producers negotiated more with intermediaries since the product could receive a higher price than the ones from the government appointed elevator companies (Integradoras).

Production in Durango, the second most important dry bean producing state, also increased approximately 11 percent due to good weather conditions. Production is forecast to reach 121,000 MT, with the majority of the crop being pinto varieties (nearly 80 percent) and the rest are black beans and other colored varieties. Prices ranged from 8 to 10 pesos per kilo. Producers in Durango also attempted to hold part of their crop for better prices. From the

total produced in the state, approximately 90,000 MT were trading outside of the state. Despite an access of rain during the growing cycle, the quality of these beans is considered to be very good.

In Chihuahua, the third most important dry bean producing state, over 85,000 MT out of 103,00 planted hectares, of production is expected to have yields averaging roughly 0.855 MT/ha. This average is higher than last year's average of 0.755 MT/ha. Crop conditions during the growing season were better than last year and contributed to higher overall yields. Practically, all of beans were Pinto bean varieties with most of them Pinto Saltillo. Prices were a little over 9.00 pesos per kilo, and for the irrigated beans, prices increased to 10.50 pesos per kilo.

For the 2008/09 fall/winter crop cycle in Sinaloa, SAGARPA reports a total bean planted area of 92,452 hectares, which is slightly lower than the same cycle a year ago. Production is expected to reach 174,600 MT in this state. Harvesting began in February and is expected to end in March. Growers estimate an increase in yields from 1.667 MT/ha last year to 1.751 MT /ha for the upcoming harvest due to better weather conditions. Farm prices registered in the last week of February ranged from 14 to 15 pesos per kilo, higher than those obtained a year ago (10.0-10.5 pesos per kilo).

Nayarit reports a bean planted surface ranging between 49,804 - 50,391 hectares, with an expected production of 87,731 MT. Of this production, 48.5 percent are colored beans (Azufrados) as well as Mayocobas (19.0 percent), while the rest are Jamapa Black. Harvesting began in the first two weeks of February, and the prices were between 11 and 12 pesos per kilo against 5.5 to 6 pesos per kilo last year. Reportedly, these higher prices reflect the international price situation and stronger domestic demand.

Under PROCAMPO, (the Mexican domestic agricultural support program) a flat-rate payment on dry beans and other products was provided to farmers for the 2008 spring/summer crop cycle. This payment plan will be repeated for the 2008/09 fall/winter crop. The GOM policy is that farmers with production areas between one and five hectares will receive 1,160 pesos per hectare (approximately U.S. $75.27/ha) and 963 pesos/ha to farmers with more land (roughly U.S. $62.49).

On November 26, 2008, SAGARPA announced the program to support dry bean farm-gate prices for the 2008 spring/summer cycle. This program was established in CY 2003 to support bean growers in Zacatecas, Durango, Chihuahua, and San Luis Potosi. (See MX7024 & MX6019.) This year, the program will pay six pesos/kg (U.S. $0.39/kg) and will support 76,949 MT, but only for the Zacatecas and Durango bean production states. This volume represents nearly 20 percent of the production in these two producing states. Through this program, dry beans are delivered to private warehouses, and the established price is paid (i.e. 6.00 pesos/kg) in full to the producer.

Based on information from the World Bank, one of the main characteristics of bean production in Mexico is its high degree of fragmentation. There are 570,000 dry bean producers in Mexico, of which only 110,000 are currently registered in the PROCAMPO census as specializing in beans. Since most producers have small landholdings and market their own crops, it is difficult for them to gain access to credit and improved production technology in order to integrate into the supply chain.

For some bean producers with high production costs (including the social opportunity costs of the water usage), the best option for the medium term is "reconversion," which is changing from beans to another crop or economic activity. For this reason, through its Bean Reorganization Program (see MX5022; MX6019; and MX8017) the GOM continues to pursue

public policies to encourage reconversion in such cases. This program has been relatively successful in the main producing states of Zacatecas and Chihuahua (see MX7085). However, according to industry sources, the main problems with the current public policies on dry beans are:

- There is no long-term perspective;
- Programs are not coordinated and often have conflicting effects;
- Programs are limited and only benefit approximately 25 percent of growers;
- Programs for commercialization and reconversion need to be redefined.

Consumption

The forecast for dry bean consumption in MY 2009/10 is 1.25 MMT, an increase of 2.46 percent. Dry beans continue to be a basic food staple in Mexico, and consumption should increase because of the current recession in the economy. It is likely that middle income consumers will switch to dry bean consumption to offset the loss in purchasing power. According to SAGARPA's information, per capita dry bean consumption in Mexico continues to be one of the highest in the world, at approximately 12/kg per year. However, consumption estimates for MY's 2007/08 and 2008/09 have been revised down from previous estimates reflecting the most recent industry and official information.

Stocks

The ending stock estimates for 2007/08 have been adjusted upward due to lower-than-previously estimated consumption. Similarly, the ending stocks estimate for MY 2008/09 increased to 110,000 MT because of higher than expected production as well as lower consumption more than previously estimated. MY 2008/09 ending stocks are forecast to decrease to 100,000 MT from the previous year due to a slight increase in consumption this year as well as higher prices for other protein sources and the recession in the economy.

Trade

Imports are forecast to decrease to approximately 80,000 MT for MY 2009/10, based on adequate rainfall for the domestic crop and larger carryover stocks. Another factor that should discourage dry bean imports is the weakening of the Mexican peso relative to the U.S. dollar, which will result in relatively more expensive U.S. agricultural exports. Since August 2008, the exchange rate between the peso and the U.S dollar has decreased from 10 to 1 to 15 to 1 despite the Central Bank of Mexico's interventions. Moreover, according to trade sources, since last year there were several high priced dry bean sales contracts with U.S. exporters that generated losses to Mexican importers as the Mexican peso weakened and the financial crisis began. The MY 2008/09 import estimate has been revised downward significantly to 93,000 MT based on SE's final official data. Moreover, this reduction reflects increased domestic production and lower demand more than previously estimated.

Relevant Reports Submitted by FAS / Mexico City:

MX9003 Instructions for the Entry of Paddy Rice into Mexico
http://www.fas.usda.gov/gainfiles/200902/146327189.pdf

MX8076 Mexico Announces Support Program for Sorghum, Wheat, and Yellow Corn
http://www.fas.usda.gov/gainfiles/200811/146306484.pdf

MX8075 Mexico Announces Support Program for Sinaloa White Corn
http://www.fas.usda.gov/gainfiles/200811/146306401.pdf

Grain and Feed - October Update
http://www.fas.usda.gov/gainfiles/200810/146306303.doc

Grain and Feed - September Update
http://www.fas.usda.gov/gainfiles/200810/146295996.doc

Grain and Feed - August Update
http://www.fas.usda.gov/gainfiles/200809/146295706.doc